

Report on recent US international tax developments - 18 October 2019

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The United States (US) House and Senate are back in session after a two-week fall break, with speculation about the prospects for advancing legislation in the shadow of the ongoing House impeachment inquiry. Government funding expires on 21 November and legislation to extend funding beyond that date is being targeted as a vehicle for items that include tax extenders, *Tax Cuts and Jobs Act* (TCJA) technical corrections, a retirement security bill, and repeal or delay of *Affordable Care Act* (ACA) taxes, among others. A lack of progress in the negotiations may require an additional continuing resolution (CR) to cover some or all of the government funding beyond 21 November and/or through the entire fiscal year. Senate Finance Committee Chairman Chuck Grassley this week was quoted as saying the committee probably would not consider tax extenders legislation this year, but that a "four corners" discussion on a tax extenders package among aides to the congressional tax writing committees is ongoing.

On 17 October, British and European Union (EU) negotiators announced they had reached agreement on a new Brexit deal. The agreement sets out the framework for the United Kingdom (UK)'s future relationship with the EU, allowing the UK to enter into a "broad, deep and flexible" free trade agreement with the EU along with a security partnership. The deal needs to be agreed to by the European Council, and then by the European and UK Parliaments. The withdrawal agreement will be debated, and ultimately decided by the UK Parliament during a rare Saturday session on 19 October. The final outcome of the Brexit saga remains uncertain at time of publication of this Alert.

The Organisation for Economic Co-operation and Development (OECD) public consultation document outlining a “unified approach” under Pillar One of the ongoing project titled “Addressing the Tax Challenges of the Digitalisation of the Economy” is expected to be presented at the G20 Finance Ministers and Central Bank Governors meeting in Washington, DC on 18 October. Pascal Saint-Amans, Director of the OECD’s Centre for Tax Policy and Administration, was quoted as saying

the organization hopes to cement the details of its digital tax proposal in January, with a political agreement reached in June 2020. If agreement can be reached in summer 2020, Saint-Amans said the implementation phase would begin. Saint-Amans added, “Then the question is, what will be the instrument to implement it and how much time to develop [rules]? But the goal is to move as fast as possible if we have political agreement. For the time being we are focusing on political agreement.”

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